



October 30, 2024

Ryan Tangen, Director of Finance and Operations
Buffalo-Hanover-Montrose Public Schools #877
214 1st Avenue NE
Buffalo, MN 55313

RE: Ehlers' Summary Proposal for Independent Investment Advisory Services

Mr. Tangen,

Thank you for considering Ehlers for a partnership with Buffalo-Hanover-Montrose Public Schools (the "District") in regard to fulfilling the District's investment function in a prudent manner. We are pleased to present this proposal to provide independent investment advisory services to the Buffalo-Hanover-Montrose Public Schools. We believe our experience, exclusive focus on public sector investors and dedication to outstanding client service provide a compelling relationship option for the District to consider.

For more than 60 years, Ehlers has partnered with public sector clients to build strong and vibrant communities through financial planning, debt issuance and management, economic development consulting, arbitrage, and investment advisory services.

We believe the following factors set us apart from other firms:

Public Sector Focus. Our only clients are governmental entities, agencies, school districts and special authorities. Ehlers' exclusive focus on the public sector uniquely positions us to provide a level of service that is unsurpassed in the markets we serve. We have an extensive understanding of our clients' operations, which allows us to speak to best practices and specifically tailor our advice to meet their needs and surpass their expectations.

Fiercely independent. Ehlers' fiduciary responsibility is to you and you alone. We will always place your interests first, delivering investment advisory solutions that fulfill your needs as cost-effectively as possible and provide maximum benefit to your learning community. We adhere strictly to the prioritized principles of safety, liquidity, and yield. We have no investment banking affiliation, no brokerage activities and do not maintain a securities inventory from which we would engage in principal trading activities. Our interests are always aligned with yours.

Fully integrated. Using a collaborative approach in advising our clients, Ehlers offers a fully integrated suite of services designed to help clients navigate every facet of public finance, including investments, treasury management consulting, arbitrage, financial management planning, debt issuance and management, paying agent services and continuing disclosure. We believe this approach delivers the greatest insight, highest value, and the most reasonable cost to our clients.



Fee Only. Ehlers' investment advisory fees are based solely on assets under management. We receive no additional compensation or commission on securities or other transactions. Further, we do not offer any proprietary pooled investment vehicle or other form of liquidity product from which an administrative or other fee is derived. All client portfolios are managed as separate accounts.

Scope of Services

Ehlers proposes the following scope of work in our role as the District's investment advisor:

- Review the District's investment policy and provide any recommendations for amendment.
- Establish any investment or cash management accounts, as requested and necessary.
- Review the District's existing portfolio and set investment objectives with District staff, including (but not limited to) near- and long-term objectives that incorporate cash flow requirements, diversification parameters, policy limitations, risk tolerance and portfolio duration and average maturity measures. Provide recommendations, accordingly.
- Investment of bond proceeds
- Input all client securities/investment holdings in Ehlers systems.
- Coordinate notification to any of the District's third-party service providers of our engagement as the District's advisor of record.
- Prepare a comprehensive cash forecast.
- Provide for all trade execution on the District's behalf, including managing settlement procedures for all investment transactions. Maintain records for all cash and investment transactions and provide reporting to the District for its own records.
- Act as the District's agent to qualify trading counterparties, using industry-standard due diligence.
- Act as the District's agent with respect to its custodian and custodial account(s). Provide reconciliations with the custodian's balances for all accounts we manage.
- Provide GASB-compliant investment and other (performance, holdings, etc.) reporting to the District no less frequently than monthly, as well as any required attestations to the District's auditor for which we are qualified to do so.
- Participate in meetings with District personnel, as requested, including in-person meetings.
- Participate in Committee and Council meetings to present information related to the District's investment portfolio.
- Perform any compliance duties on behalf of the District, as needed.
- Other duties, as requested, and customary under our investment advisory agreement.

Ehlers would provide additional services/scopes of work under separate engage upon mutual agreement of both parties billed through flat or hourly fee arrangements. These may include, but are not limited to the following:

- Coordinate with any third-party(ies) with respect to regulatory examinations, i.e. IRS examinations or audits of tax advantaged bonds.
- Evaluation of banking relationships/services or other treasury management providers.
- Assist with requests for proposals for banking or other treasury management services.
- Escrow portfolio bidding agent

Fees for Services

Ehlers proposes an assets under management fee for our scope of work as investment advisor of:

<u>ASSETS UNDER MANAGEMENT</u>	<u>ANNUALIZED RATE</u>
Less than \$5 million	0.250%
Over \$5 million, but less than \$10 million	0.225%
Over \$10 million, but less than \$15 million	0.200%
Over \$15 million, but less than \$20 million	0.175%
Over \$20 million, but less than \$25 million	0.150%
More than \$25 million	0.125%

Fees would be invoiced monthly against the average monthly assets in all accounts under Ehlers management. This fee shall be all-inclusive for all services rendered, including any materials, time, and travel.

The primary contact for this engagement shall be Matt Tourville, Senior Investment Advisor. Ehlers' personnel authorized to provide instructions on behalf of the District shall be assigned at the time of engagement with notice provided to the District of those individuals.

We sincerely appreciate the opportunity to build on our relationship and look forward to further discussing how we can best serve the District as your investment advisor. It would be our pleasure to deliver immediate value to your community with the highest level of integrity.

Sincerely,

Ryan Miles, CPFIM
Managing Director – Investments

Matt Tourville, CPFIM
Senior Investment Advisor/Portfolio Manager

